

O 241239Z MAY 06
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC IMMEDIATE 3758
INFO ARAB ISRAELI COLLECTIVE IMMEDIATE
CIA WASHDC IMMEDIATE
DIA WASHDC IMMEDIATE
DEPT OF TREASURY WASHDC IMMEDIATE

S E C R E T TEL AVIV 002020

TREASURY FOR SZUBIN (TFI)

E.O. 12958: DECL: 05/18/2016

TAGS: [PTER](#) [KTFN](#) [EFIN](#) [PREL](#) [IS](#) [KPAL](#)

SUBJECT: KUPPERWASSER'S FINAL ASSESSMENT: HAMAS'S FOUR
OPTIONS

Classified By: Charge d'Affaires Gene A. Cretz for
reasons 1.4 (a) and (b).

SUMMARY

¶1. (S) In a May 2 meeting at the NSC, BGen Yossi Kupperwasser told Under Secretary (U/S) of the Treasury for Terrorism and Financial Intelligence (TFI) Stuart Levey that if the Palestinian people turn away from Hamas, they would probably not turn towards Fatah unless Fatah undergoes a significant ideological transformation. Kupperwasser provided four possible Hamas courses of action, judging the most likely to be an attempt to survive the US/EU/GOI financial cordon through donations from sympathetic Muslim states. NSC Counterterrorism Bureau (CTB) Director Danny Arditi agreed in principle to future meetings between GOI,s NSC and Treasury Department financial analysts to discuss financial targets of mutual concern. End Summary.

KUPPERWASSER'S VIEW OF PA LANDSCAPE

¶2. (S) At the Israeli National Security Council (NSC), Brigadier General Yossi Kupperwasser, outgoing Chief of the Israel Defense Intelligence's (IDI) Products Division, presented U/S Levey his view of the political landscape in the Palestinian Authority. He began by saying that there is a "duality" among the Palestinian people, whereby 70 per cent of them want peace with Israel and 70 per cent of them are also in favor of continuing terrorist attacks against Israel and 40 per cent desire both options. Against this backdrop, he asserted that if the Palestinian people turn away from Hamas, they would not necessarily turn towards Fatah in its current form.

¶3. (S) Kupperwasser said that the majority of Fatah members mistakenly believe that their party simply needs an "image makeover" to regain popular support. Kupperwasser maintained that Fatah must instead undergo a significant ideological transformation if it is ever to shake the "culture of corruption" responsible for its loss of public trust. Kupperwasser claimed that within Fatah, President Mahmoud Abbas "stands alone" against multiple hard line factions. He alluded to GOI intelligence that former PA Minister of Civil Affairs Muhammad Dahlan had been very critical of Abbas for his public condemnation of the April 17 terrorist attack in Tel Aviv.

¶4. (S) Kupperwasser then described four options that he believes are currently under consideration by the Hamas leadership: (A) Hamas could make political concessions to Abbas, in the belief that Hamas will eventually overcome Abbas and then could retract such concessions -- an option allegedly favored by PA Prime Minister Ismail Haniyeh; (B) Hamas could make ideological, mostly semantic, concessions in order to publicly support the Arab League Initiative and steal "political thunder" from Abbas; (C) Hamas could make no

concessions and return to a campaign of violence -- an option favored by military wing commander Muhammad Deif; and (D) Hamas could wait out the US/EU/GOI attempt to financially strangle it, sustained by assistance from Iran and the Arab states, and emerge stronger afterwards -- the option apparently favored by Political Chief Khalid Meshal.

15. (S) Encouraging U/S Levey to not "underestimate the power of the U.S. Treasury," Kupperwasser claimed to have intelligence that, "Arabs are saying to themselves that the U.S. controls the world's finances." Kupperwasser asserted that the USG does not have to overplay its hand, but must play it. He also noted that the GOI would only be able to stop the finances from getting to the Hamas-led PA for a few months, and that the GOI would need the U.S. to be involved in this process for the long-term. Kupperwasser claimed that funds could be transferred from the Arab League account in Egypt via the Bank of Palestine or the Organization of the Islamic Conference's Al-Aqsa Fund, part of the Islamic Development Fund.

16. (S) CTB Director Danny Arditi gave a presentation on the current economic state of the PA and the Palestinian territories. He described several potential channels for transferring funds to the PA: directly through the Presidency, the Palestinian Monetary Authority (PMA), the Islamic Qatar Bank, and the Islamic Palestinian Bank (a very small Palestinian-based bank not related to the Bank of Palestine).

AGREEMENT TO FUTURE WORKING-LEVEL MEETINGS

17. (S) U/S Levey requested future meetings between financial analysts from the U.S. Treasury Department's Office of Intelligence and Analysis (OIA) and GOI CTF counterparts. Danny Arditi, CTB Director of Counter Terror Finance (CTF) Udi Levi and Israel Security Agency (ISA) CTB representative Uzi Shaya agreed in principle. U/S Levey suggested that an initial working-level meeting in the near future could review specific evidence regarding the Islamic umbrella charity organization known as the &Union of Good8 (or the &Charity Coalition8), and the American Near East Refugee Association (ANERA) NGO. Arditi enthusiastically supported U/S Levey's request. He also noted that in the Israeli Finance Ministry -- the Israeli equivalent to the U.S. Treasury Department -- there is no resident intelligence collection or analytical body.

ATTENDANCE

18. (S) Attendees at the 2 May NSC meeting included:

BGen Yossi Kupperwasser
NSC CTB Director BGen Danny Arditi
NSC CTF Director Udi Levi
NSC ISA CTF Director Uzi Shaya
ISA Legal Counsel Avi Avramson
ISA Case Officer for CTF Moran
Treasury U/S Stuart Levey
Senior Advisor Adam Szubin
Policy Advisor Kristen Hecht
Financial Analyst Matt Epstein
Regional Treasury Attach Brian Grant
Econ Counselor
Deputy Econ Counselor
Econoff.

19. (U) U/S Levey cleared this cable.

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